MEMORANDUM

November 8, 1999

TO: JOE GEREK

FROM: ERIC PARKINSON

RE: SEVERAL ITEMS / POSITIVE DEVELOPMENTS FOR PLAZA

Dear Joe ~ Welcome back from what was a well deserved vacation. I hope that you had as much fun as your staff had in your absence! *(Just kidding!).*

Several developments while you were away:

1). ENTERTECH -- Our second meeting went very well, and turned into a merger structuring discussion. Attached is the proposed chart describing how Entertech intends to PURCHASE selected Plaza Assets, and providing overhead and marketing money on a going forward basis. We are meeting with them again today, as they want to conclude this venture within the next two weeks. They have TWO pictures to be released to the theaters in JANUARY, and I've referred their theatrical dept. head to consider WRS for prints and trailers. Under the PLAZA deal with Entertech, the following terms would affect WRS:

a). Immediate Good Faith Payment of USD $100,000 -- against existing Plaza billings. .

b). Continuation of Current LOCK-BOX rate of 50% and A.R. procedures with WRS for all EXISTING titles (125).

c). Implementation of a NEW Lock Box for all Entertech video accounts receivable, which would commence in January with TEDDY RUXPIN and OUTLAWS. WRS to receive 35% of all "NEW" lock box revenues, or such rate as is required to maintain current status on all new billings *(i.e. billings at < 89 days).*

2). TRADEWELL -- As discussed previously, Plaza made a deal with Tradewell to barter some of our existing INVENTORY into national ADVERTISING. We believe that we can more readily turn *Direct Mail* ads into Cash / Profits than some of our overstock inventory through traditional means. The first ad runs in 10 days in NATIONAL ENQUIRER and STAR *(see attached).* I have ordered from Dave Simpson an initial quantity of 5,000 "ELVIS" VHS tapes to be shipped to the fulfillment center. Before Tradwell will allow Plaza to order an additional ads, we must *complete the fulfillment* of their order for Plaza inventory. Attached is a worksheet from our Distribution Center in Arkansas which specifies the UNITS which are in stock at WRS which will need to be shipped to Plaza Arkansas in order to fulfill this Tradewell venture. It's about 15,000 units total spread across four titles, all of which are currently in stock at WRS. Once this order is prepped for shipment, Dave or Jim can call me so that freight arrangements can be made on our end.

Call me in the next day or so after you get settled in. THANKS -- ERIC PARKINSON

Eric

EXHIBIT
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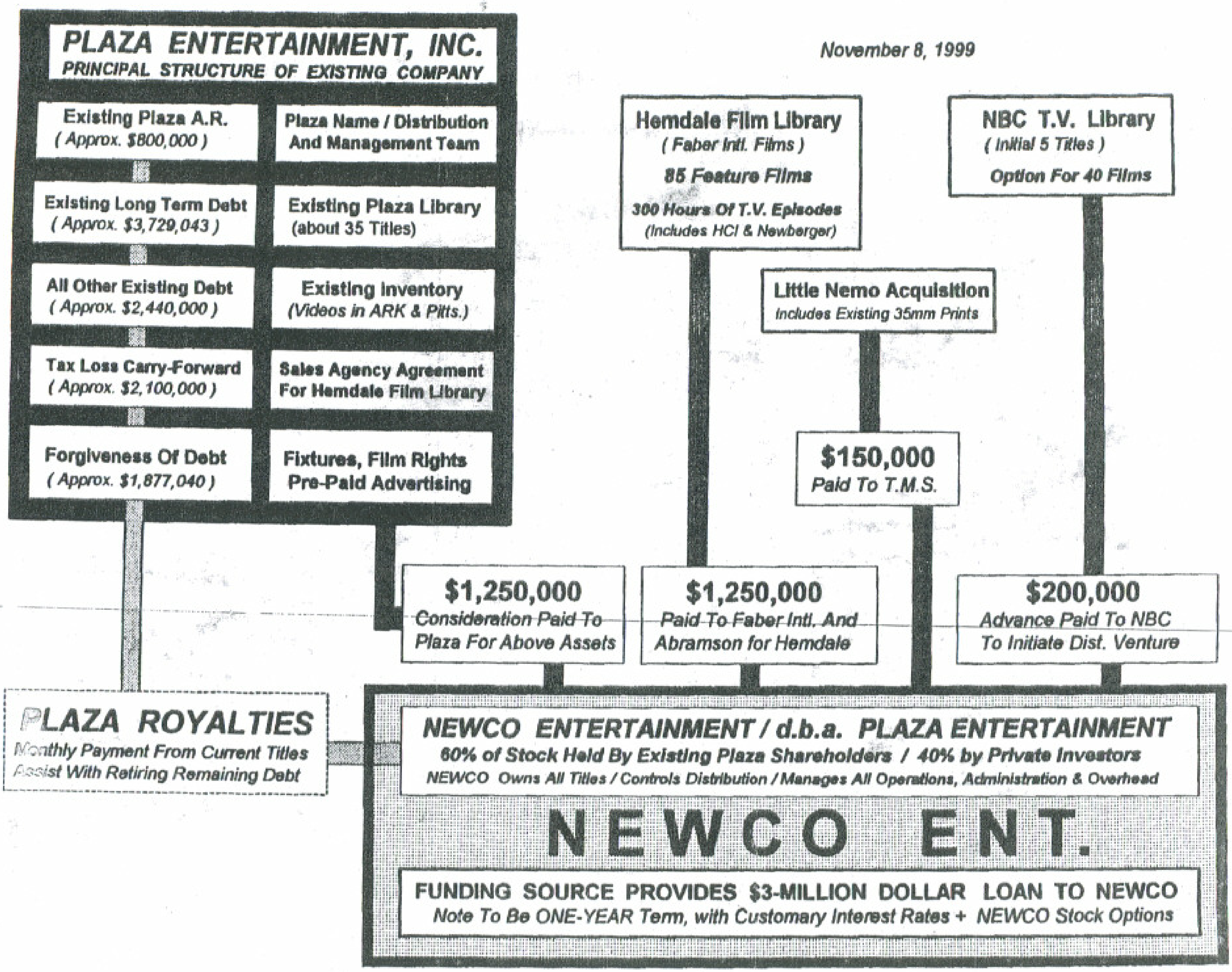


PLAZA ENTERTAINMENT, INC.
PRINCIPAL STRUCTURE OF EXISTING COMPANY
Existing Plaza A.R. (Approx. $800,000)
Plaza Name / Distribution And Management Team
Existing Long Term Debt (Approx. $3,729,043)
Existing Plaza Library (about 35 Titles)
All Other Existing Debt (Approx. $2,440,000)
Existing Inventory (Videos in ARK & Pitts.)
Tax Loss Carry-Forward (Approx. $2,100,000)
Sales Agency Agreement For Hemdale Film Library
Forgiveness Of Debt (Approx. $1,877,040)
Fixtures, Film Rights Pre-Paid Advertising
November 8, 1999
Hemdale Film Library (Faber Intl. Films)
85 Feature Films
300 Hours Of T.V. Episodes (Includes HCI & Newberger)
NBC T.V. Library (Initial 5 Titles)
Option For 40 Films
Little Nemo Acquisition
Includes Existing 35mm Prints
$150,000
Paid To T.M.S.
$1,250,000
Consideration Paid To Plaza For Above Assets
$1,250,000
Paid To Faber Intl. And Abramson for Hemdale
$200,000
Advance Paid To NBC To Initiate Dist. Venture
PLAZA ROYALTIES
Monthly Payment From Current Titles
Assist With Retiring Remaining Debt
NEWCO ENTERTAINMENT / d.b.a. PLAZA ENTERTAINMENT
60% of Stock Held By Existing Plaza Shareholders / 40% by Private Investors
NEWCO Owns All Titles / Controls Distribution / Manages All Operations, Administration & Overhead
NEWCO ENT.
FUNDING SOURCE PROVIDES $3-MILLION DOLLAR LOAN TO NEWCO
Note To Be ONE-YEAR Term, with Customary Interest Rates + NEWCO Stock Options

PLAZA ENTERTAINMENT, INC.

Executive Financial Summary

SALE OF LIBRARY ASSETS INTO "NEWCO" WITH CONVERTIBLE LOAN

(November 8, 1999)

PLAZA ASSETS

Plaza Library Net Value	$6,235,000	*(Plaza library sale would exclude "Puss In Boots" and "GTM".)*
Hemdale Library Net Value	$3,250,000	*(Hemdale library includes all properties sold by court.)*
Accounts Receivable	$750,000	*Existing Accounts Receivable, which are currently pledged*
Inventory (at 40% Value)	$837,500	*to WRS and TXSTAR would NOT be sold; existing inventory*
Fixtures & Physical Assets	$525,000	*and fixtures would remain with Plaza Ent., Inc. creditors*
Prepaid National Advertising	$450,960	
N.B.C. Library (PENDING)		*$3,650,000*
Little Nemo (PENDING)		*$3,200,000*
TOTAL ASSETS	**$12,048,460**	***$6,850,000 Value Of Pending Acquisitions***

LIBRARY SELL PRICE:	**$3,000,000**
NEWCO ASSETS:	**$16,785,960**

PLAZA / NEWCO LIABILITIES

USE OF PURCHASE PROCEEDS

			INITIAL PAYMENT	NOV., DEC. & JAN.	DEBT FORGIVE
P	General A.P. (Incl. I.R.S.)	$1,080,000	$400,000	$0	$300,000
P	WRS Labs	$1,100,000	$100,000	$0	$150,000
P	Central De Video	$160,000	$160,000	$0	$0
P	Employees & Expenses	$375,000	$125,000	$0	$250,000
N	Moving / New Office Costs	$50,000	$50,000	$0	$0
P	G.T.M. Royalty Allowance	$270,000	$20,000	$0	$250,000
P	Other Producer Royalties	$555,000	$150,000	$0	$150,000
P	C.R.A.T. Loan & Interest	$1,125,027	$125,027	$30,000	$0
P	Herklotz Long Term Note	$481,947	$0	$0	$481,947
P	Granger Loan & Interest	$322,003	$57,124	$0	$0
P	Faber Intl. Loan & Interest	$145,093	$0	$0	$145,093
P	Txstar Loan & Interest	$512,849	$112,849	$50,000	$0
N	Acquire Hemdale Library	$850,000	$850,000	$0	$0
N	Abramson Buyout	$400,000	$400,000	$0	$0
N	NBC Initial Titles Acq.	$200,000	$200,000	$0	$0
N	Little Nemo Acquisition	$150,000	$150,000	$0	$0
	TOTAL INC. ACQUIS.	**$7,776,919**			
			Total Debt Forgiveness		***$1,727,040***

			INITIAL PAYMENT	DEC. & JAN.	FEB., MAR. APR. 2000
N	Fall Title Marketing Funds	$50,000	$0	$50,000	$0
N	General Overhead	$400,000	$80,000	$205,000	$375,000
N	January Titles Mktng. Funds	$180,000	$40,000	$40,000	$100,000
N	Little Nemo & Other Marketing	$700,000	$0	$100,000	$600,000
	TOTAL CASH EXPENSES		**$3,020,000**	**$475,000**	**$1,075,000**
	LESS "NET" VIDEO, INTL. & T.V. COLLECTIONS DURING PERIO			***($500,000)***	***($1,200,000)***
	TOTAL OF CASH NEEDED FOR ALL OPERATIONS			**$2,995,000**	***($125,000)***

PLAZA ENT. WORKSHEETS FOR EXECUTIVE SUMMARY

CONSIDERATION PAID TO PLAZA FOR VALUE OF LIBRARY SALE

General Payables Payment	$400,000
WRS & Central de Video	$260,000
Employees & Expenses	$125,000
Royalties	$170,000
Long-Term Debt Payments	$295,000
	$1,250,000

CONSIDERATION PAID TO FABER & ABRAMSON FOR HEMDALE SALE

Payment To Faber Intl.	$850,000
Retire Abramson Note	$100,000
Abramson Buy-Out	$300,000
	$1,250,000

LITTLE NEMO ACQUISITION

Advance To T.M.S.	$150,000
Payment For Theat. Prints	$0
	$150,000

N.B.C. T.V. LIBRARY ACQUISITION

(Initial License for 5-films / against 20 titles)

Advance To N.B.C. Ent.	$200,000
	$200,000

NEWCO OVERHEAD & MARKETING

November & December O.H.	$160,000
Jan, Feb., Mar. & Apr. O.H.	$500,000
Fall & Jan. Title Marketing	$230,000
Little Nemo Marketing	$500,000
Other Marketing Costs	$200,000
Anticipated Net Collections	($1,700,000)
	($110,000)

IMMEDIATE NEWCO ASSET VALUE

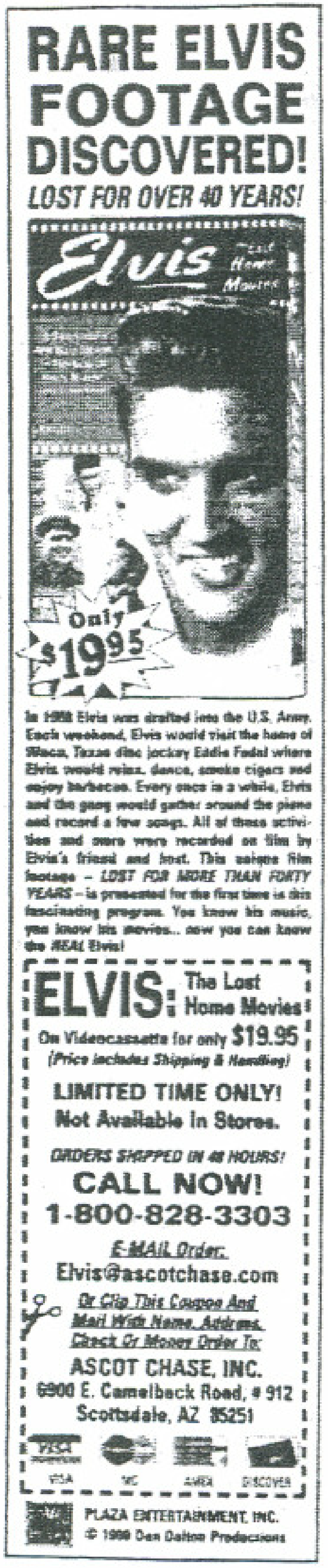
Plaza Ent. Library At Cost	$1,250,000
Hemdale Library At Cost	$1,250,000
NBC Library At Cost	$200,000
Little Nemo (Incl. P & A)	$1,000,000
Fixtures, Inventory, Ads	$1,250,000
Goodwill & Net Income Proj.	?
	$4,950,000

IMPACT THAT NEWCO ASSET SALE WILL HAVE ON EXISTING PLAZA DEBT

PLAZA GENERAL PAYABLES ITEMS		FORGIVENESS	FINAL BALANCE
General A.P., Including I.R.S.	$1,080,000	($300,000)	$380,000
Central de Video Balance	$160,000	$0	$0
Employees & Expenses	$375,000	($250,000)	$0
G.T.M. Royalty Allowance	$270,000	($250,000)	$0
All Other Accrued Royalties	$555,000	($150,000)	$255,000
	$2,440,000	**($950,000)**	**$635,000**

PLAZA LONG-TERM DEBT ITEMS			
WRS Labs / Existing A.P.	$1,100,000	($150,000)	$850,000
Herklotz C.R.A.T. Loan	$1,125,000	$0	$1,000,000
Herklotz General Loan	$481,947	($481,947)	$0
Granger Loan	$322,003	$0	$264,879
Faber Loan	$145,093	($145,093)	$0
Total Producer Royalties	$555,000	($150,000)	$255,000
	$3,729,043	**($927,040)**	**$2,369,879**

PLAZA DEBT BALANCE	**$6,169,043**	**($1,877,040)**	**$3,004,879**


RARE ELVIS FOOTAGE DISCOVERED!
LOST FOR OVER 40 YEARS!
Elvis
Only $19.95
In 1958 Elvis was drafted into the U.S. Army. Each weekend, Elvis would visit the home of Waco, Texas disc jockey Eddie Fadal where Elvis would relax, dance, smoke cigars and enjoy barbecue. Every once in a while, Elvis and the gang would gather around the piano and record a few songs. All of these activities and more were recorded on film by Elvis's friend and host. This unique film footage – LOST FOR MORE THAN FORTY YEARS – is presented for the first time in this fascinating program. You know his music, you know his movies... now you can know the REAL Elvis!
ELVIS: The Lost Home Movies
On Videocassette for only $19.95
(Price includes Shipping & Handling)
LIMITED TIME ONLY!
Not Available In Stores.
ORDERS SHIPPED IN 48 HOURS!
CALL NOW!
1-800-828-3303
E-MAIL Order:
Elvis@ascotchase.com
Or Clip This Coupon And Mail With Name, Address, Check Or Money Order To:
ASCOT CHASE, INC.
6900 E. Camelback Road, # 912
Scottsdale, AZ 85251
VISA MC AMEX DISCOVER
PLAZA ENTERTAINMENT, INC.
Dan Dalton Productions

NATIONAL ENQUIRER DIRECT MAIL AD

85% Of Actual Size

(2 - 3/16ths X 11-inches)
FULL COLOR

This Ad Will Run In The NATIONAL ENQUIRER and STAR TABLOIDS

For THREE (3) Consecutive Weeks, Commencing with the Ultra-Heavy Traffic Week of NOV. 22 - 28 (Thanksgiving Week)

The Total READERSHIP is expected to reach 15-MILLION Readers, with carefully targeted demographics which match this item.

Incoming orders and sales are being administered by a large and bonded fulfillment company in Phoenix, ASCOT CHASE, which can handle over 1,000 tel. orders each hour.

The Enquirer has agreed to run a FEATURE story in the Thanksgiving week issue highlighting the merits of this unique piece of Elvis memorabilia.

Plaza's sales goal from this promotion is 100,000 units at $19.95 / each.

The Cost of the Advertising Space for this promotion is $115,000; regardless of the direct mail response, the targeted readership of these two tabloids will build high awareness for the title's eventual offering to retail outlets.